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EOBA 2992

SECURITY INFORMATION

Chief of Mission, Frankfurt

12 February 1953

Chief, Berlin Operations Base

CADORY/Operational

DTLINEN Audit Report

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1. DTLINEN submitted the following clarification of the particulars in Paragraph 1 b, Reference:

a. The 147.50 DM difference (June 1952) resulted from Newham's former procedure of allocating the monthly subsidy to the overt and covert sections. As a result, minor discrepancies in bookkeeping occurred. Our recent recommendation for allocating funds (cite Paragraph 1 f, Reference) eliminates recurrence of such discrepancies.

b. DTLINEN carefully re-checked the October statements. It was unable to clarify the 4800 DM discrepancy. However, both the covert section chief and the overt section bookkeeper are firm in their conviction that a discrepancy of such magnitude was unlikely. Leeder, the covert section chief, submitted a carbon copy of that section's October statement (to be forwarded under separate dispatch). The statement definitely shows receipt of 26,300 DM from CADRAIN. Leeder also added a notation (in pencil) that the overt section had received 5200.80 DM from CADRAIN. The latter sum was actually 4700. DM, the difference of 500.80 DM resulting from an emergency advance to the overt section to pay V-Mann expenses. The overt section recorded the 500.80 DM as from CADRAIN, in effect duplicating an entry already on the covert section books.

Comment: DTLINEN's accounting procedure apparently conforms to acceptable standards, even though occasional accounting errors occurred. Leeder is extremely sensitive to irregularities which may affect confi-

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idential funds. He scrutinizes the covert section statements carefully. Since the covert section statement for October shows receipt of 26,300 DM from CADMAG, it seems inexplicable that DTLINEN recorded the subsidy as 25,200 DM. If we add the 4700 DM allocated to the overt section, the DTLINEN account can only show total receipt of 31,000 DM from CADMAG.

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